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SUBJECT: U.S.-EU CONSULTATIONS ON WESTERN BALKANS ISSUES

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Classified By: Political Minister-Counselor Larry Wohlers for reasons 1
.4 (b) and (d)

¶1. (C) Summary: EUR/SCE Director Chris Hoh discussed Kosovo, Serbia, Bosnia-Herzegovina, Macedonia, and the EU's enlargement process with EU and member state officials during the May 7 U.S.-EU troika consultations on Western Balkans (COWEB) and during separate meetings on the margins. On Kosovo, EU interlocutors highlighted positive political developments in the fledgling country, but noted that the slower-than-expected pace of international recognitions of independence was worrying. The EU discussed their late-April signing of a Stabilization and Association agreement with Serbia and its value to pro-European parties ahead of elections. The U.S. and EU sides agreed that whatever the electoral results, Belgrade's policy on Kosovo would not change. Hoh pressed the EU on quickly signing an SAA with Bosnia, and while EU interlocutors supported the objective and said that the agreement would be signed in mid-June, they argued that Bosnia should be focused less on the politics of the timing of the signing and more on the reforms that will soon be required. EU and member state officials emphasized Macedonia's European perspective, but some interlocutors privately told Hoh that the Greece-Macedonia name issue was becoming increasingly difficult to handle within the EU. Finally, European Commission officials promoted their efforts to reaffirm the European future for all the countries in the region. End Summary.

Kosovo

¶2. (C) Council Secretariat Deputy Director for the Western Balkans Michael Giffoni opened the discussion on Kosovo by describing internal political developments as positive, noting that parliament has adopted the bulk of laws required for settlement implementation, with the rest to be adopted by 15 June. He drew attention to Prime Minister Thaci's 100-day report, noting that it provoked authentic political debate in Kosovo. Giffoni articulated the EU's policy on recognition, which is that each member state will recognize on its own accord. While allowing that 19 out of the 27 EU members have recognized, he argued that the international process of recognition is a more worrying one, and emphasized that increased recognition among the developing world countries would have a positive impact on Kosovo's prospects at the UN and international financial institutions. He underscored the need to make progress with Kosovo's regional neighbors as well, and noted recent encouraging statements from Montenegro and Macedonia. (Note: Discussions on UNMIK reconfiguration and EULEX Kosovo are reported reftel).

¶3. (C) On economic and assistance issues, Genoveva Ruiz Calavera, Head of Unit for Kosovo Issues at the European Commission (EC), said that the EU has not yet announced the date of the Kosovo donor's conference - anticipated to be July 11 - for fear of affecting the May 11 Serbian election outcomes. Noting that some technical details still need to be discussed, she said that the EU will invite nations at the level of Western Balkans Directors and hopes to include

representatives from countries who have not recognized Kosovo in addition to officials from nations that have recognized. She added that the World Bank will not co-sponsor the conference but will provide technical support and the EU will continue to work to ensure that the Bank does not stray from its commitments. Ruiz Calavera said that working with the Kosovo government has been difficult because the government has not yet appointed the relevant ministers. Speaking privately to Hoh on the margins of the meeting, she said that the EU could not match the funds being provided to Kosovo Serbs by Belgrade. She added that the Commission was having difficulty spending the assistance targeted for the Serb populations due to hardline intimidation of those who want to cooperate.

¶4. (C) In response to a question about U.S. efforts on increasing recognitions from French Director for Europe Jacques Faure, EUR/SCE Director Hoh said that the U.S. has focused recently on Latin American nations. He also noted that Kosovo recognitions have been coming faster than in almost all recent cases of new states and emphasized the efforts the U.S. has made working with Islamic and African nations, noting that there could be specific opportunities to work with Africa at the African Union Summit later this summer. Hoh encouraged the EU institutions and governments to engage with other international partners and underscored that lobbying for recognition is likely to be more successful if it is seen as a European project. Alix Everhard,

Counselor for Balkans issues at the French Permanent Representation to the EU, separately expressed concern to Hoh about the pace of international recognitions, noting the need to maintain momentum. She said that the French are focusing especially on Africa and Latin America, specifically Ecuador and Colombia. Everhard added that the stability of Kosovo and deployment of the EULEX mission will be key priorities under the upcoming French EU presidency.

¶5. (C) In a separate conversation, European Commission Director for Western Balkans Pierre Mirel (please protect) privately bemoaned the lack of leadership on Kosovo both within the EU and within the government of Kosovo. Mirel worried that the new administration in Kosovo was not working hard enough on making reforms and argued that the GoK needs to make a better effort to explain its new laws and constitution to the municipalities. Mirel also drew Hoh's attention to the upcoming election of a new patriarch for the Orthodox Church in Kosovo, likely in late May. Noting that the new leader would be sure to have an impact on political developments, he explained that he had proposed bringing together bishops from Serbia and Kosovo for a conference on "What is the EU?" and was hoping to receive confirmation from the bishops soon.

Serbia

¶6. (C) Slovenian Head of Southeast Europe Division Leon Marc started the discussion on Serbia by highlighting the EU's April 29 Stabilization and Association Agreement (SAA) signing. He noted that the internal discussion among EU Ministers was long and demanding, but the move gave the Serbian pro-EU forces the boost that they needed ahead of the May 11 elections. Because implementation of the SAA is subject to unanimous agreement by member states and Serbia's compliance with its ICTY obligations, the credibility and legitimacy of the accession process was preserved. Marc went on to highlight the announcement of the EU's visa liberalization roadmap with Serbia which further demonstrated the "tangibility of the European perspective." He added that France and Germany have recently increased scholarship opportunities for Serbian students. Marc concluded by warning that the U.S. and EU should not expect changes in the way that Serbia deals with the Kosovo issue, but added that whatever new government emerged after the elections should be judged by its deeds, not its rhetoric, a sentiment that was separately shared with Hoh by Everhard and UK Counselor for CFSP, ESDP and Enlargement Issues, Angus Lapsley.

¶ 7. (C) Hoh underscored the U.S. commitment to working with the EU to help Serbia on its path to Euro-Atlantic integration and expressed appreciation for the EU's creative approach to signing the SAA ahead of the elections. He agreed with the EU's assertion that we must judge the new Serbian government by its actions, and noted the importance of holding a democratically-elected government to the same standards as we would elsewhere. The U.S. and EU will need to maintain a clear message to Serbia about what is expected for full partnership.

Bosnia-Herzegovina

¶ 8. (C) Leading the conversation on BiH, Hoh highlighted a number of positive recent political developments which could signal a more pragmatic approach from the leadership, including a compromise on electoral rules in Srebrenica and agreements on moveable defense property and police reform. Saying that the EU is "a powerful incentive for Bosnia," Hoh noted the EU's April 29 announcement of readiness to sign the SAA with Bosnia. He warned, however, that delaying the signature until June feeds into BiH cynicism regarding the political timing of the Serbian SAA, and that the expectations created and not yet fulfilled by the EU are damaging international credibility in Bosnia. The SAA process can help make a significant difference in Bosnia in terms of political structures, but maintaining the momentum of reform will be a challenge, especially given the intensive level of international engagement required to achieve the current progress. We should expect Dodik and Silajdzic to continue to pursue a narrow set of interests as well as anticipate a surge in the rhetoric from all sides. Hoh went on to discuss the need to assess progress on completion of PIC objectives toward the closure of the OHR, and underscored that the transition to the EUSR will require substantial engagement.

¶ 9. (C) The EU agrees with the U.S. that it is important to sign the SAA as soon as possible, and shares the same concerns about the dangers of certain types of rhetoric in BiH, said Marc. The next important phase in the process will be for Bosnia to make progress on constitutional reform. Marc expressed the EU's satisfaction with HiRep Lajcak's progress in bringing the EU perspective to Bosnia, and he noted that the European Commission will soon start a visa liberalization dialogue with BiH. In a related vein, Pierre Mirel separately requested Hoh's assessment of the activities of fundamentalist groups in Bosnia. He explained that now former Commissioner for Justice, Freedom, and Security Frattini refused to open visa dialogues with BiH due to problems with Islamic fundamentalist groups.

¶ 10. (C) In separate meetings after the formal COWEB session, Hoh again strongly pressed his interlocutors on signing the SAA with Bosnia as soon as possible, ideally at the late-May GAERC meeting. EU Balkans Director Stefan Lehne said that the delay in signing was "not an important issue," and explained that the latest plan involved the EU signing the agreement in June, and speeding up the implementation so that BiH could "catch up with Serbia." Giffoni told Hoh that the delay in signing was partly due to a delay in receiving necessary paperwork from BiH, and said that the negative local reaction to the delay demonstrated a "lack of maturity" among the leaders. Everhard separately admitted that the EU needed to do a better job of managing expectations, but noted that scenarios which would have some member states signing sooner than others would create a "dangerous precedent" in the EU that would go beyond specific Western Balkans issues. The issue needs to be approached with unanimity. She also noted that the Bosnians' comparisons of themselves to Serbia were somewhat spurious, given that despite being signed later, Bosnia's SAA would actually be implemented while Serbia's would not until conditions are met.

¶ 11. (C) Speaking from a European Commission perspective, Helene Holm-Pedersen, a member of Enlargement Commissioner

Olli Rehn's Cabinet, told Hoh that Rehn was unhappy with the delay in signing and she expressed frustration with the slow pace of legal translation into all EU languages. She also expressed her own disappointment that the Bosnians were focused on Serbia's SAA instead of preparing for their own EU integration process. She added that the EU has done as much as they could in the timeframe available in terms of being generous on conditionality and accelerating the technical work. She noted that after the SAA is signed, the EU loses its ability to be flexible and generous on the requirements for membership, and the standards to which BiH will be held will become increasingly challenging. After the SAA is implemented, the EC will look at Bosnia's track record in implementing the provisions in terms of evaluating the country for eventual candidate status, specifically whether they are developing institutions capable of implementing the *acquis* and whether they are able to speak with one voice. They will evaluate progress on public administration reform, human rights and rule of law, as well as economic indicators.

Mirel expressed similar sentiments, arguing that while the EU's not being able to sign the SAA in April as promised was a "big mistake," Bosnia should focus less on Serbia and more on the reforms that will soon be required.

Macedonia

¶12. (C) Hoh began the formal discussion of Macedonia by underscoring that the good coordination between the U.S., EU, NATO, and OSCE must continue during the post-Bucharest period of "demoralization." Macedonia must be assured of its clear European perspective. He noted that the U.S. would use FM Milososki's May 7 visit to the United States to demonstrate clear American support for Macedonia. We would also advocate continued flexibility and a near term solution to the name issue. In advance of the June 1 elections, Hoh explained that the U.S. was helping to fund a media campaign for free and fair elections as well as an election monitoring mission.

After the June 1 elections, the U.S. and EU should work to encourage Ohrid framework implementation and support multi-ethnicity, whether in the government or opposition. On border demarcation, Hoh warned that we should expect challenges, and noted that technical experts have been sent to brief both sides.

¶13. (C) Faure responded for the EU, explaining that the EC's March 2008 Western Balkans communication reinforced the European perspective for Macedonia and encouraged reforms. Ruiz Calavera added that the EC has put forth eight key benchmarks to assess Macedonia's capacity and capability to undertake accession negotiations. She said that the Commission had implicitly urged Macedonian leadership to focus on reform rather than spending time on elections to no avail. Faure emphasized that the EU supports the Nimetz efforts to find a solution to the name issue.

¶14. (C/NF) Hoh's French and UK member state interlocutors later explained separately to Hoh that the Macedonia name issue had become problematic within the EU. The Greek position has become increasingly hard line since the NATO Bucharest summit, and Everard said that the issue has permeated many technical discussions to the detriment of progress. She added that the EU has "no real leverage on the issue." British interlocutors told Hoh that the UK has so far managed to push back against Greek attempts to officially link resolution of the name issue to accession conditions for Macedonia, but Lapsely cautioned that the "UK needs Greece on other issues," specifically Kosovo, and without support from other EU member states, the UK cannot keep up its opposition indefinitely. Officials noted that the next major decision point for the EU will come this Fall, when the EC issues its recommendations on whether to begin accession negotiations with Macedonia, a decision that Greece will certainly veto without a solution to the name issue.

Other Regional Issues

¶15. (SBU) Stabilization and Association: Speaking generally about the Stabilization and Accession processes for the Western Balkans, Ruiz Calavera said that 2008 would be a crucial year for the region; the European perspective needs to be made more tangible to citizens. She explained the EC's plan to reaffirm the European perspective for the countries of the region, allow for the possibility of acceleration of the process in some circumstances, and devise new initiatives to make the process more accessible to the average citizen. She noted that Croatia could be a catalyst for other countries in the region by serving as an example that the path can be accelerated by meaningful progress. Mirel separately indicated that he was thinking about a more expansive and forward-leaning approach to EU integration for the whole SE Europe region.

¶16. (SBU) Albania: Faure explained that while Albania has made some progress on the functioning of its government institutions, he noted that much remains to be done in terms of establishing "normal cooperative relations" between the government and opposition. He added that simplifying electoral rules would increase government stability. Faure said that the Albanians are eager to benefit from the visa facilitation agreement with the EU. The EU welcomed Albania's closer links with NATO post-Bucharest, and would continue to urge the nation to do more work on reforms. In response, Hoh noted the GoA's good work against crime and corruption. He added that Albania needs to make progress on dealing with hazardous waste and munitions stockpiles as well as to complete the electronic network linking their rule of law agencies. On hazardous waste, Hoh provided a heads-up that the USG thought the EU could assist Tirana and that USEU would separately raise this issue in greater technical detail with appropriate EU interlocutors.

¶17. (SBU) Montenegro: Faure cited corruption, trafficking of various kinds, and reinforcement of administrative capacity as areas still needing improvement in Montenegro. He expressed concern about the growing presence of private Russian business. Faure added that the EU appreciated the GoM's moderate response on Kosovo. Hoh noted that the positive political climate that has developed could speed up the reform process. The U.S. believes that the GoM should focus more on rule of law issues and building institutions.

¶18. (C) Faure explained to the U.S. side that the new GoM was considering the possibility of asking for candidate status, and while this was a good idea for the future, the EU told the GoM that it was too soon. Mirel subsequently told Hoh that Rehn told the Montenegrins to wait until the Treaty of Lisbon ratification process had been completed by the member states. He elaborated that Barroso and the incoming French Presidency were concerned that an application by Montenegro would trigger an application from Albania, and member states that have not yet ratified the treaty would perceive it as a negative tool enabling the EU to throw open its doors. He added that if the EC recommends opening negotiations with Macedonia later this year, there will be pressure to do the same for Montenegro. Hoh cautioned Mirel against packaging the two, as the Greece-Macedonia issue could prevent Montenegro's progress.

¶19. (U) Regional Cooperation Council/South East European Cooperation Process: Faure lauded the RCC transfer of responsibility for regional cooperation to the countries of the region. He noted that regional ownership and accountability has been strengthened, and the role of the international community has been appropriately reduced to providing advice and assistance. These accomplishments are a good start, but more needs to be done. Hoh agreed that the establishment of the RCC was an important milestone; local ownership is meaningful.

¶20. (U) EUR/SCE Director Hoh has cleared this message.

MURRAY

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